



NOMURA

Nomura i-Income Fund 2

Semi-Annual Report and Unaudited Financial Statements for the
Period Ended 30 April 2023

MANAGER:

NOMURA ASSET MANAGEMENT MALAYSIA SDN. BHD.
Business Registration No.: 200601028939 (748695-A)

TRUSTEE:

DEUTSCHE TRUSTEES MALAYSIA BERHAD
Business Registration No.: 200701005591 (763590-H)

Table of Contents

FUND PROFILE	i
FUND PERFORMANCE	i-v
MANAGER'S REPORT	vi-xi

Appendix

STATEMENT OF COMPREHENSIVE INCOME	1
STATEMENT OF FINANCIAL POSITION	2-3
STATEMENT OF CHANGES IN NET ASSETS VALUE	4
STATEMENT OF CASH FLOWS	5
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES	6-11
NOTES TO THE FINANCIAL STATEMENTS	12-29
STATEMENT BY THE MANAGER	30
TRUSTEE'S REPORT	31
SHARIAH ADVISER'S REPORT	32

This Semi-Annual Report is available, upon request, to unit holders without charge

1. FUND PROFILE

1.1 Fund Name

Nomura i-Income Fund 2 (“Fund”)

1.2 Type and Category of Fund

Income – Fixed Income (Islamic)

1.3 Duration of the Fund

The Fund is an open-ended fund.

1.4 Investment Objectives

The Fund seeks to provide investors with recurring income on its investments.

1.5 Distribution Policy

Subject to availability of income, distribution will be on quarterly basis.

1.6 Performance Benchmark

Maybank 3-month Islamic Fixed Deposit Rate (“Benchmark”).

2. FUND PERFORMANCE

2.1 Key Fund Performance Data

Asset Allocation / Portfolio Composition	30 Apr 2023	31 Oct 2022
Unquoted sukuk – Government of Malaysia	38.29%	62.47%
Cash and Others [#]	61.71%	37.53%
Total (%)	100.00%	100.00%

[#] Included in ‘Cash and Others’ are cash on hand and Islamic deposits and other net current assets/liabilities.

Temporary defensive position was undertaken in the month of April 2023 and the position was normalised in May 2023.

Fund – Class S

Category	1 Nov 2022 to 30 Apr 2023	Since Commencement, 21 Jul 2021 to 31 Oct 2022
Highest NAV per Unit (RM) ¹	1.0045	1.0034
Lowest NAV per Unit (RM) ¹	0.9722	0.9165
Total Return (%) ²		
- Capital growth (%)	1.83	(1.72)
- Income (%)	3.10	1.70
Gross/Net Distribution per unit (RM sen)	1.70	1.67
Total NAV (RM) ¹	40,237,111	39,502,084
NAV per Unit (RM)	1.0011	0.9828
Unit in Circulation	40,193,960	40,193,943

Fund – Class I

Category	1 Nov 2022 to 30 Apr 2023	Since Commencement, 21 Jul 2021 to 31 Oct 2022
Highest NAV per Unit (RM) ¹	1.0023	1.0030
Lowest NAV per Unit (RM) ¹	0.9703	0.9165
Total Return (%) ²		
- Capital growth (%)	1.77	(1.90)
- Income (%)	3.10	1.70
Gross/Net Distribution per unit (RM sen)	1.70	1.67
Total NAV (RM) ¹	30,985,278	29,915,884
NAV per Unit (RM)	0.9987	0.9810
Unit in Circulation	31,026,163	30,496,526

Fund – Class R

Category	1 Nov 2022 to 30 Apr 2023	Since Commencement, 21 Jul 2021 to 31 Oct 2022
Highest NAV per Unit (RM) ¹	1.0000	1.0030
Lowest NAV per Unit (RM) ¹	0.9686	0.9164
Total Return (%) ²		
- Capital growth (%)	1.71	(2.07)
- Income (%)	3.11	1.71
Gross/Net Distribution per unit (RM sen)	1.70	1.67
Total NAV (RM) ¹	6,093,717	5,710,910
NAV per Unit (RM)	0.9962	0.9793
Unit in Circulation	6,116,916	5,831,775

Fund – Class H (Hedged)

Category	1 Nov 2022 to 30 Apr 2023	Since Commencement, 21 Jul 2021 to 31 Oct 2022
Highest NAV per Unit (USD) ¹	1.0371	1.0258
Lowest NAV per Unit (USD) ¹	0.9914	0.9191
Total Return (%) ²		
- Capital growth (%)	4.15	(0.45)
- Income (%)	0.64	0.37
Gross/Net Distribution per unit (USD sen)	0.36	0.364
Total NAV (RM) ¹	5,333,147	5,877,373
NAV per Unit (USD)	1.0371	0.9955
Unit in Circulation	1,153,531	1,249,243

Category	1 Nov 2022 to 30 Apr 2023	Since Commencement, 21 Jul 2021 to 31 Oct 2022
Total Expense Ratio (%) ³	0.15	0.37
Portfolio Turnover Ratio (time) ⁴	1.24	0.59

Notes:

(1) *Figures shown as ex-distribution.*

(2) *Total Return of the Fund and its Benchmark for a period are calculated based on the absolute return of the Fund for that period. The calculation of the Total Return of the Fund is based on NAV-to-NAV basis, and is sourced from Refinitiv Lipper. Fund performances include reinvestment of income distributions into the Fund. The performance figures are a comparison of the growth/decline in NAV for the stipulated period taking into account all the distributions payable (if any) during the stipulated period:*

- **Capital Return**= {NAV per Unit End / NAV per Unit Beginning – 1} x 100
- **Income Return**= {Income Distribution per Unit / NAV per Unit Ex-Distribution} x 100

(3) *Total Expense Ratio (“TER”) is calculated based on the total fees and expenses incurred by the Fund divided by the average net asset value of the Fund for the financial period calculated on daily basis.*

(4) *Portfolio Turnover Ratio (“PTR”) is calculated based on the total acquisitions and total disposals of investment securities of the Fund for the financial period divided by the average net asset value of the Fund for the financial period calculated on daily basis.*

2.2 Average Total Return of the Fund

Fund – Class S

	1 Year to 30 Apr 2023	Since Commencement, 21 Jul 2021 to 30 Apr 2023
Average Total Return (%)	5.16	1.98

Source: Refinitiv Lipper

Fund – Class I

	1 Year to 30 Apr 2023	Since Commencement, 21 Jul 2021 to 30 Apr 2023
Average Total Return (%)	5.05	1.85

Source: Refinitiv Lipper

Fund – Class R

	1 Year to 30 Apr 2023	Since Commencement, 21 Jul 2021 to 30 Apr 2023
Average Total Return (%)	4.90	1.72

Source: Refinitiv Lipper

Fund – Class H (Hedged)

	1 Year to 30 Apr 2023	Since Commencement, 21 Jul 2021 to 30 Apr 2023
Average Total Return (%)	5.50	2.47

Source: Refinitiv Lipper

2.3 Annual Total Return of the Fund
Fund – Class S

	Since Commencement, 21 Jul 2021 to 31 Oct 2022
Total Return (%) ¹	(0.04)
Benchmark (%)	2.43

Source: Refinitiv Lipper

Fund – Class I

	Since Commencement, 21 Jul 2021 to 31 Oct 2022
Total Return (%) ¹	(0.22)
Benchmark (%)	2.43

Source: Refinitiv Lipper

Fund – Class R

	Since Commencement, 21 Jul 2021 to 31 Oct 2022
Total Return (%) ¹	(0.39)
Benchmark (%)	2.43

Source: Refinitiv Lipper

Fund – Class H (Hedged)

	Since Commencement, 21 Jul 2021 to 31 Oct 2022
Total Return (%) ¹	(0.08)
Benchmark (%)	(8.47)

Source: Refinitiv Lipper

Notes:

- (1) Annual Total Return of the Fund and its Benchmark for a period are calculated based on the absolute return of the Fund for that period. The calculation of the Annual Total Return of the Fund is based on NAV-to-NAV basis, and is sourced from Refinitiv Lipper. Fund performances include reinvestment of income distributions into the Fund. Further details on basis of calculation and assumption made in calculating returns is as follows:

The performance figures are a comparison of the growth/decline in NAV for the stipulated period taking into account all the distributions payable (if any) during the stipulated period:

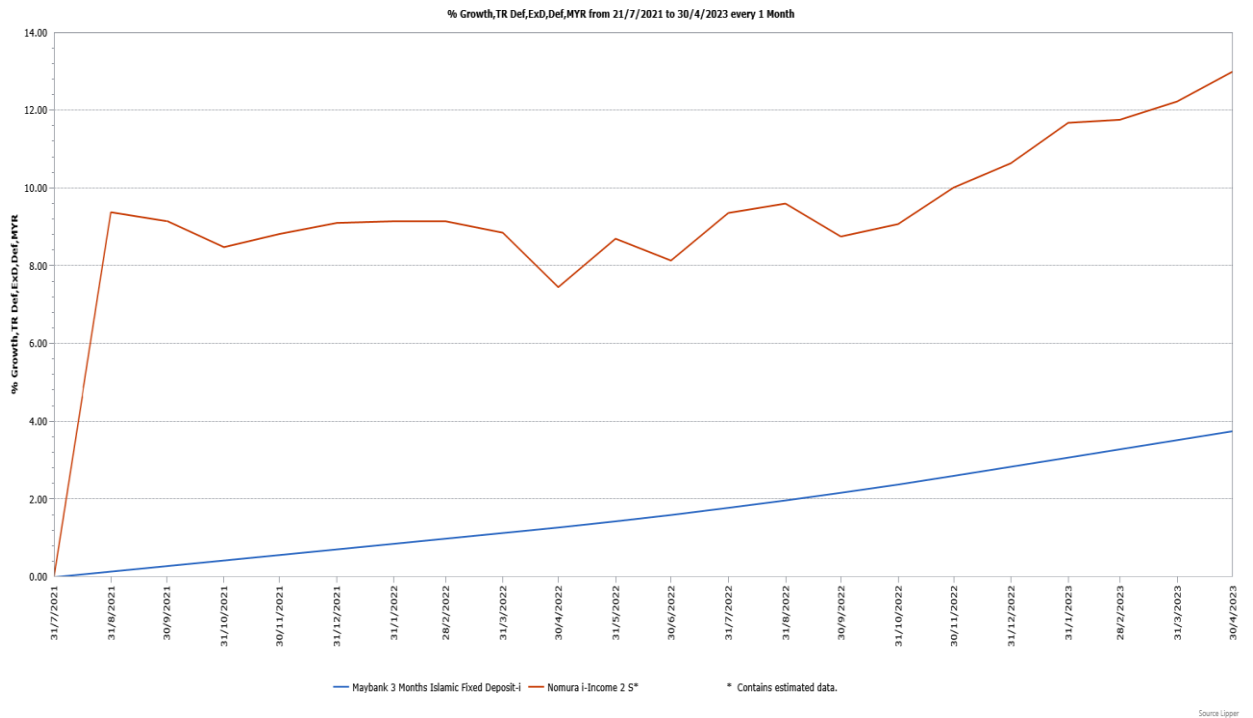
- **Capital Return**= {NAV per Unit End / NAV per Unit Beginning – 1} x 100
- **Income Return**= {Income Distribution per Unit / NAV per Unit Ex-Distribution} x 100
- **Total Return** = (1 + Percentage Growth)^{1/n} – 1

Past performance is not necessarily indicative of future performance and that unit prices and investment returns may go down, as well as up.

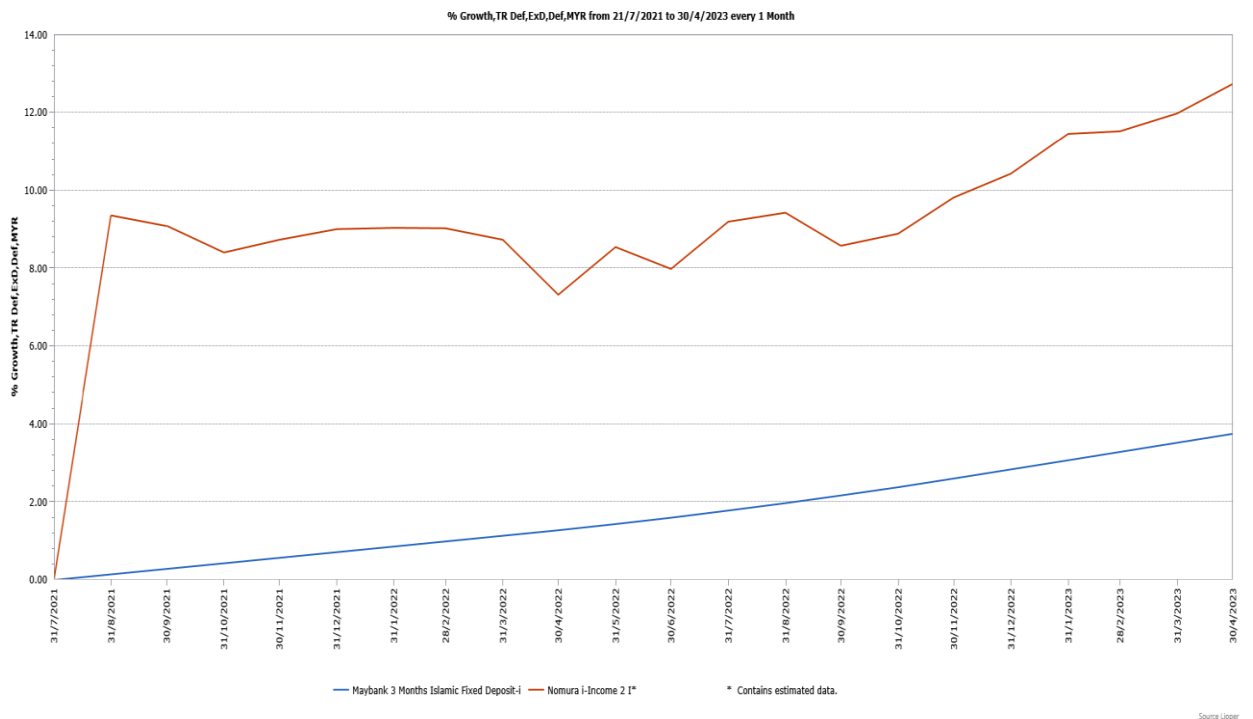
3. MANAGER'S REPORT

Performance of Nomura i-Income Fund 2 from 21 July 2021 to 30 April 2023

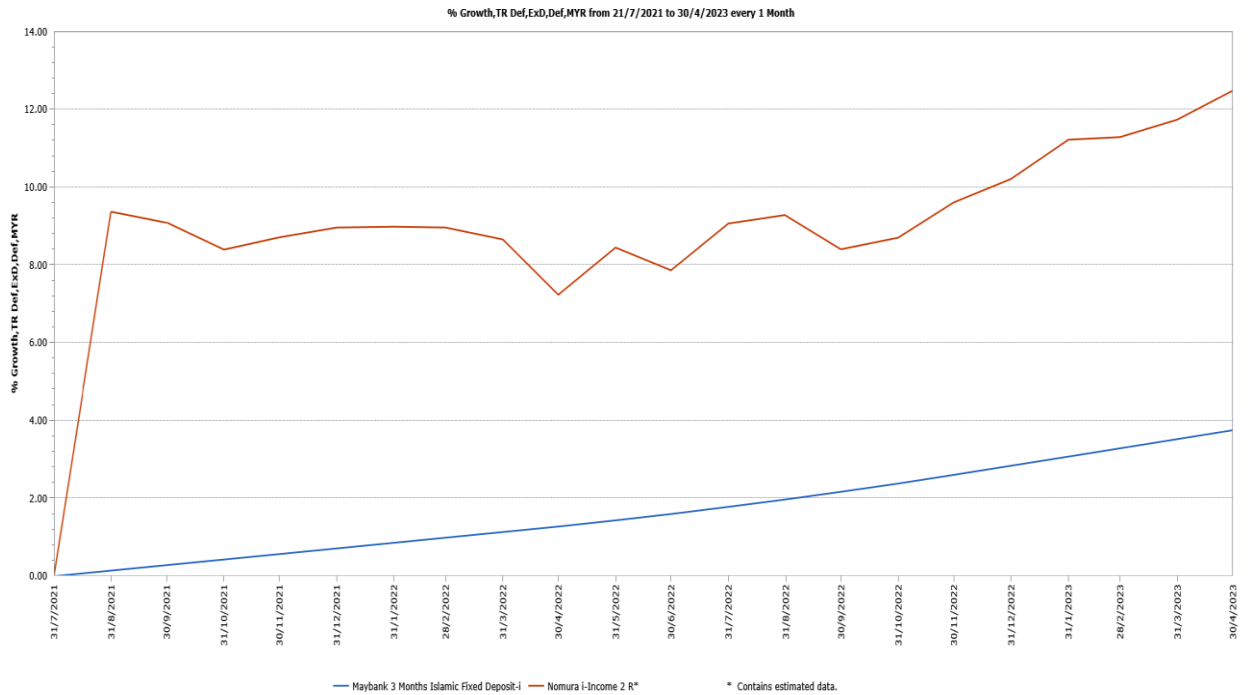
Fund – Class S



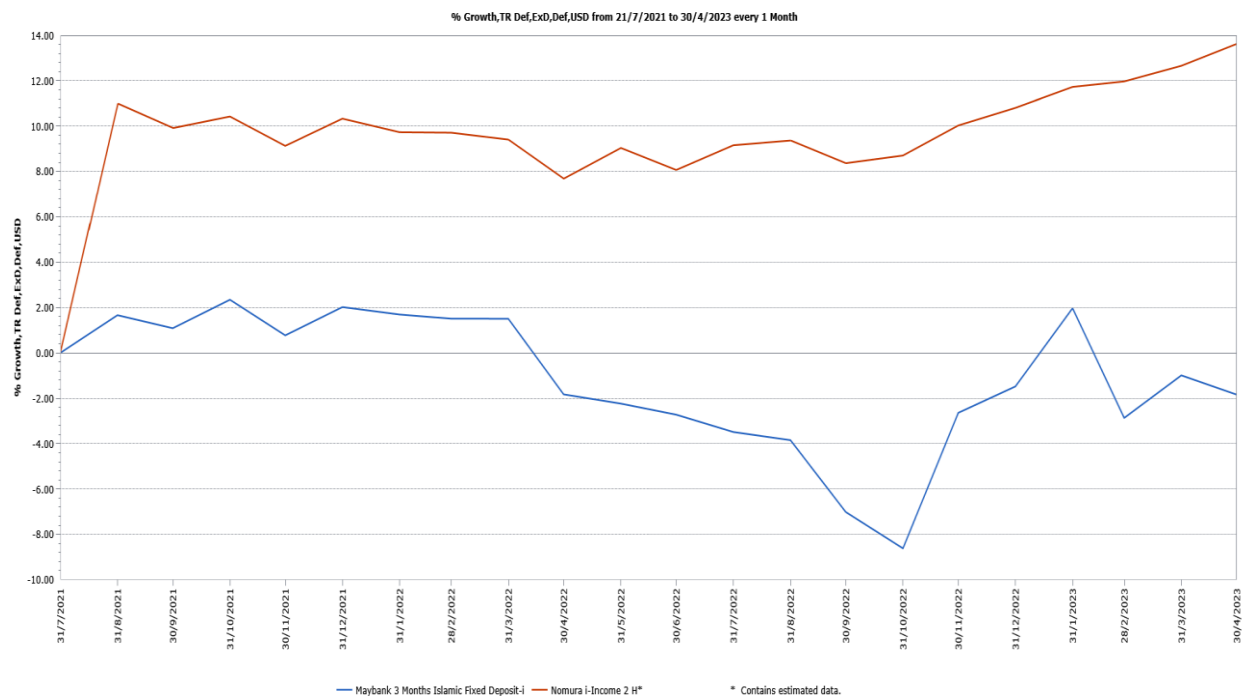
Fund – Class I



Fund – Class R



Fund – Class H (Hedged)



Benchmark: Maybank 3-month Islamic Fixed Deposit Rate

Source: The calculation of the Annual Total Return of the Fund is based on NAV-to-NAV basis, and is sourced from Refinitiv Lipper. Fund performances include reinvestment of income distributions into the Fund.

3.1 Performance for the period from 1 November 2022 to 30 April 2023

Fund – Class S

For the period under review from 1 November 2022 to 30 April 2023, Class S has registered 3.59% return. Compared to the Benchmark return of 1.34%, Class S has outperformed the Benchmark by 2.25%. The Net Asset Value (NAV) per unit of Class S as at 31 October 2022 was RM 0.9828 compared to the NAV per unit as at 30 April 2023 of RM 1.0011. On the total NAV basis, Class S's NAV stood at RM 40.24 million as at 30 April 2023. During the period under review, Class S has declared a total income distribution of RM 0.0170 per unit.

Fund – Class I

For the period under review from 1 November 2022 to 30 April 2023, Class I has registered 3.54% return. Compared to the Benchmark return of 1.34%, Class I has outperformed the Benchmark by 2.20%. The Net Asset Value (NAV) per unit of Class I as at 31 October 2022 was RM 0.9810 compared to the NAV per unit as at 30 April 2023 of RM 0.9987. On the total NAV basis, Class I's NAV stood at RM 30.99 million as at 30 April 2023. During the period under review, Class I has declared a total income distribution of RM 0.0170 per unit.

Fund – Class R

For the period under review from 1 November 2022 to 30 April 2023, Class R has registered 3.47% return. Compared to the Benchmark return of 1.34%, Class R has outperformed the Benchmark by 2.13%. The Net Asset Value (NAV) per unit of Class R as at 31 October 2022 was RM 0.9793 compared to the NAV per unit as at 30 April 2023 of RM 0.9962. On the total NAV basis, Class R's NAV stood at RM 6.09 million as at 30 April 2023. During the period under review, Class R has declared a total income distribution of RM 0.0170 per unit.

Fund – Class H (Hedged)

For the period under review from 1 November 2022 to 30 April 2023, Class H (Hedged) has registered 4.52% return. Compared to the Benchmark return of 7.42%, Class H (Hedged) has underperformed the Benchmark by -2.90%. The Net Asset Value (NAV) per unit of Class H (Hedged) as at 31 October 2022 was USD 0.9955 compared to the NAV per unit as at 30 April 2023 of USD 1.0371. On the total NAV basis, Class H (Hedged)'s NAV stood at USD 1.20 million as at 30 April 2023. During the period under review, Class H (Hedged) has declared a total income distribution of USD 0.0036 per unit.

3.2 Review of Market for the period from 1 November 2022 to 30 April 2023

2022 continued to be a volatile year for the local bond market as major central banks tightened policy rates sharply. Overall, Government Investment Issues (“GII”) yields spiked in tandem with global yield movements. In particular, GII yields rose sharply over the first half of the review period as Bank Negara Malaysia (“BNM”) commenced on its policy normalisation cycle. Through 2022, BNM raised its Overnight Policy Rate (“OPR”) from its record-low of 1.75% to 2.75% by year-end as economic activity picked up and inflation pressure began to rise. However, BNM unexpectedly paused in Jan-23 and Mar-23.

Following the formation of the unity government in Nov-22, the local bond market rallied as investors perceived the outcome of the General Election to be one with an environment of greater political stability. The rally continued on into 1Q23 as BNM unexpectedly paused its hiking cycle. This led to more favourable market conditions in 2023, supported by falling global inflation pressures. Major central banks, led by the Federal Reserve appear to be approaching the tail-end of their hiking cycle.

3.3 Investment Outlook

We anticipate the 2H2023 to be more benign, as the aggressive rate hikes seen globally over 2022 and 1H2023 is expected to dampen inflation and result in more modest economic growth. We expect BNM to also be close to concluding its rate hike cycle, with as much as one more 25bps hike on the table for 2023, which would bring the OPR to 3.25%. We anticipate gradually increasing duration, though it will be done on an opportunistic basis. Should yields rise to levels that we deem to offer value, we will deploy our cash into short to medium dated GII to better position the portfolio for the coming few periods.

3.4 Strategies Employed for the period from 1 November 2022 to 30 April 2023

Strategy-wise, we saw value in the steepness of the belly of the GII yield curve, particularly as the 3-7 year portion, following the strong bear steepening in the markets, making for an attractive rolldown play. We have also increased duration tactically throughout the market rally in 2023 to take advantage of the GII rally. Due to a strategic positioning of the Fund to maintain a shorter duration, the Fund had managed to weather the market movements, with less volatility in an effort to produce more consistent returns.

3.5 Asset Allocation

Asset Allocation / Portfolio Composition	30 Apr 2023	31 Oct 2022
Unquoted sukuk - Government of Malaysia	38.29%	62.47%
Cash and Others [#]	61.71%	37.53%
Total (%)	100.00%	100.00%

[#] Included in 'Cash and Others' are cash on hand and Islamic deposits and other net current assets/liabilities.

There were no significant changes on the Fund's asset allocation during the financial period under review.

Temporary defensive position was undertaken in the month of April 2023 and the position was normalised in May 2023.

3.6 Securities Lending or Repurchase Transactions

The Fund has not undertaken any securities lending or repurchase transactions during the financial period under review.

3.7 Income Distribution

The Manager has distributed a total of gross/net distribution of RM0.0170 per unit for unit holders of each Class S, Class I and Class R, and USD0.0036 per unit for unit holders of Class H (Hedged) over the financial period ended 30 April 2023.

The Net Asset Value per Unit prior and subsequent to the distributions were as follows:

Fund – Class S

Cum-Distribution Date	Cum-Distribution (RM)	Ex-Distribution Date	Ex-Distribution (RM)	Distribution per Unit (RM)
03-Nov-22	0.9838	04-Nov-22	0.9761	0.0068
15-Mar-23	1.0030	16-Mar-23	0.9931	0.0102

Fund – Class I

Cum-Distribution Date	Cum-Distribution (RM)	Ex-Distribution Date	Ex-Distribution (RM)	Distribution per Unit (RM)
03-Nov-22	0.9820	04-Nov-22	0.9743	0.0068
15-Mar-23	1.0008	16-Mar-23	0.9908	0.0102

Fund – Class R

Cum-Distribution Date	Cum-Distribution (RM)	Ex-Distribution Date	Ex-Distribution (RM)	Distribution per Unit (RM)
03-Nov-22	0.9803	04-Nov-22	0.9726	0.0068
15-Mar-23	0.9985	16-Mar-23	0.9885	0.0102

Fund – Class H (Hedged)

Cum-Distribution Date	Cum-Distribution (USD)	Ex-Distribution Date	Ex-Distribution (USD)	Distribution per Unit (USD)
03-Nov-22	0.9969	04-Nov-22	0.9950	0.0014
15-Mar-23	1.0281	16-Mar-23	1.0255	0.0022

3.8 Details of Any Unit Split Exercise

There was no unit split exercise during the financial period under review.

3.9 Significant Changes in the State of Affairs of the Fund

There were no significant changes in the state of affairs of the Fund during the financial period under review.

However, a first supplementary prospectus of the Fund dated 1 May 2023 has been issued. Unit holders have been informed on the changes made to the Fund via letter dated 14 April 2023.

In addition, please find the latest changes to the Manager's board of directors as follows:

Mr. Leslie Yap Kim Loong
 Mr. Atsushi Ichii
 Mr. Wataru Ogihara (resigned on 31 December 2022)
 Ms. Chooi Su May
 Mr. Johari Bin Abdul Muid*
 Ms. Julia Binti Hashim*

* Independent director

3.10 Circumstances that Materially Affect Any Interest of Unit Holders

There were no circumstances that had materially affected the interest of the unit holders during the financial period under review.

3.11 Cross Trades Transactions

There were no cross trades conducted during the financial period under review.

3.12 Soft Commissions Received From Brokers

The Manager did not receive any soft commission during the financial period under review.

This Semi-Annual Report is prepared by the Manager of the Fund, Nomura Asset Management Malaysia Sdn. Bhd., for information purposes only. Past earnings of the Fund's distribution record is not a guarantee or reflection of the Fund's future earnings or future distributions. Investors are advised that unit prices, distributions payable and investment returns may go down, as well as up.

NOMURA i-INCOME FUND 2

SEMI-ANNUAL REPORT

FOR THE FINANCIAL PERIOD FROM 01 NOVEMBER 2022 TO 30 APRIL 2023
(UNAUDITED)

NOMURA i-INCOME FUND 2

SEMI-ANNUAL REPORT

FOR THE FINANCIAL PERIOD FROM 01 NOVEMBER 2022 TO 30 APRIL 2023
(UNAUDITED)

CONTENTS	PAGE(S)
STATEMENT OF COMPREHENSIVE INCOME	1
STATEMENT OF FINANCIAL POSITION	2-3
STATEMENT OF CHANGES IN NET ASSET VALUE	4
STATEMENT OF CASH FLOWS	5
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES	6 - 11
NOTES TO THE FINANCIAL STATEMENTS	12 - 29
STATEMENT BY THE MANAGER	30
TRUSTEE'S REPORT	31
SHARIAH ADVISER'S REPORT	32

NOMURA i-INCOME FUND 2

STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD FROM 01 NOVEMBER 2022 TO 30 APRIL 2023 (UNAUDITED)

	<u>Note</u>	Financial period from 1.11.2022 to <u>30.04.2023</u> RM	Financial period from 30.6.2021 (date of launch) to <u>30.04.2022</u> RM
INVESTMENT INCOME/(LOSS)			
Profit income from unquoted sukuk at fair value through profit or loss ("FVTPL")		821,389	710,317
Profit income from Islamic deposits with licensed financial institutions at amortised cost		662,621	405,582
Net (loss)/gain on forward foreign currency contracts at fair value through profit or loss		(280,463)	121,728
Net gain/(loss) on financial assets at fair value through profit or loss ("FVTPL")	6	1,691,691	(1,990,390)
		<u>2,895,238</u>	<u>(752,763)</u>
OTHER INCOME			
Net gain on foreign currency exchange		906	4,988
		<u>906</u>	<u>4,988</u>
EXPENSES			
Management fee	3	(100,149)	(90,925)
Trustee's fee	4	(12,922)	(13,341)
Shariah Adviser's fee		(3,153)	(4,539)
Audit fee		(6,833)	(7,377)
Tax agent's fee		(2,050)	(2,894)
Other expenses		(1,433)	(697)
		<u>(126,540)</u>	<u>(119,773)</u>
PROFIT/(LOSS) BEFORE TAXATION		2,769,604	(867,548)
TAXATION	5	-	-
PROFIT/(LOSS) AFTER TAXATION AND TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE FINANCIAL PERIOD		<u>2,769,604</u>	<u>(867,548)</u>
Profit/(loss) after taxation is made up of the following:			
Realised amount		1,450,402	953,640
Unrealised amount		1,319,202	(1,821,188)
		<u>2,769,604</u>	<u>(867,548)</u>

The accompanying summary of significant accounting policies and notes to the financial statements form an integral part of these financial statements.

NOMURA i-INCOME FUND 2

STATEMENT OF FINANCIAL POSITION AS AT 30 APRIL 2023 (UNAUDITED)

	<u>Note</u>	<u>30.04.2023</u> RM	<u>30.04.2022</u> RM
ASSETS			
Financial assets at fair value through profit or loss ("FVTPL")	6	31,644,229	41,152,218
Forward foreign currency contract	6	(60,248)	121,728
Cash and cash equivalents	7	51,097,325	34,008,502
TOTAL ASSETS		<u>82,681,306</u>	<u>75,282,448</u>
LIABILITIES			
Accrued management fee	3	15,019	12,778
Amount due to Trustee	4	2,030	1,846
Amount due to Shariah Adviser		2,623	299
Other payables and accruals		12,381	8,364
TOTAL LIABILITIES		<u>32,053</u>	<u>23,287</u>
NET ASSET VALUE OF THE FUND		<u>82,649,253</u>	<u>75,259,161</u>
UNITHOLDERS' FUNDS			
Unitholders' capital		81,846,857	76,321,490
Retained earnings/(accumulated loss)		802,396	(1,062,329)
NET ASSET ATTRIBUTABLE TO UNITHOLDERS		<u>82,649,253</u>	<u>75,259,161</u>

The accompanying summary of significant accounting policies and notes to the financial statements form an integral part of these financial statements.

NOMURA i-INCOME FUND 2

STATEMENT OF FINANCIAL POSITION AS AT 30 APRIL 2023 (UNAUDITED)
(CONTINUED)

	<u>Note</u>	<u>30.04.2023</u>	<u>30.04.2022</u>
		RM	RM
REPRESENTED BY			
FAIR VALUE OF OUTSTANDING UNITS (RM)			
CLASS S		40,237,111	39,485,934
CLASS I		30,985,278	29,495,512
CLASS R		6,093,717	1,982,402
CLASS H (Hedged)		<u>5,333,147</u>	<u>4,295,313</u>
NUMBER OF UNIT IN CIRCULATION (UNITS)			
CLASS S	9	40,193,960	40,193,929
CLASS I	9	31,026,163	30,064,435
CLASS R	9	6,116,916	2,022,558
CLASS H (Hedged)	9	<u>1,153,531</u>	<u>997,513</u>
NET ASSET VALUE PER UNIT (RM)			
CLASS S		1.0011	0.9824
CLASS I		0.9987	0.9811
CLASS R		0.9962	0.9801
CLASS H (Hedged)		<u>4.6233</u>	<u>4.3060</u>
NET ASSET VALUE PER UNIT IN RESPECTIVE CURRENCIES			
CLASS S		1.0011	0.9824
CLASS I		0.9987	0.9811
CLASS R		0.9962	0.9801
CLASS H (Hedged)		<u>1.0371</u>	<u>0.9894</u>

NOMURA i-INCOME FUND 2

STATEMENT OF CHANGES IN NET ASSET VALUE FOR THE FINANCIAL PERIOD FROM 01 NOVEMBER 2022 TO 30 APRIL 2023 (UNAUDITED)

	Note	Financial period from 1.11.2022 to 30.04.2023 RM	Financial period from 30.6.2021 (date of launch) to 30.04.2022 RM
Net assets attributable to unitholders at the date of launch		81,006,251	-
Movement due to units created and cancelled during the financial period:			
Creation of units from applications			
CLASS S		-	40,001,000
CLASS I		-	30,001,000
CLASS R		22,435,716	2,016,000
CLASS H (Hedged)		59,261	4,217,230
		<u>22,494,977</u>	<u>76,235,230</u>
Creation of units from distribution			
CLASS S		17	3
CLASS I		520,617	81,005
CLASS R		100,777	5,249
CLASS H (Hedged)		19,562	3
		<u>640,973</u>	<u>86,260</u>
Cancellation of units			
CLASS R		(22,432,159)	-
CLASS H (Hedged)		(506,141)	-
		<u>(22,938,300)</u>	<u>-</u>
Distributions	10	(1,324,252)	(194,781)
Increase/(decrease) in net assets attributable to unitholders during the financial period		2,769,604	(867,548)
Net assets attributable to unitholders at the end of financial period		<u>82,649,253</u>	<u>75,259,161</u>

The accompanying summary of significant accounting policies and notes to the financial statements form an integral part of these financial statements.

NOMURA i-INCOME FUND 2

STATEMENT OF CASH FLOWS FOR THE FINANCIAL PERIOD FROM 01 NOVEMBER 2022 TO 30 APRIL 2023 (UNAUDITED)

	<u>Note</u>	Financial Period from 1.11.2022 to 30.04.2023 RM	Financial Period from 30.6.2021 (date of Launch) to 30.04.2022 RM
CASH FLOWS FROM OPERATING ACTIVITIES			
Proceeds from sale of Shariah-compliant investments		117,135,700	10,210,000
Purchase of Shariah-compliant instruments		(96,290,600)	(52,937,000)
Profit income from unquoted sukuk		627,274	294,709
Profit income from Islamic deposits with licensed financial institutions		662,621	405,582
Management fee paid		(100,274)	(78,146)
Trustee's fee paid		(12,940)	(11,495)
Tax agent's fee paid		-	(1,908)
Shariah Adviser's fee paid		(3,180)	(4,240)
Payment for other fees and expenses		(15,213)	(697)
Net realised gain on forward foreign currency contracts		283,317	-
Net realised foreign exchange gain		1,007	4,988
Net cash generated from/(used in) operating activities		<u>22,287,712</u>	<u>(42,118,207)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash proceeds from units created		22,632,360	76,235,230
Payment of release of units		(22,938,300)	-
Distributions paid		(683,280)	(108,521)
Net cash (used in)/generated from financing activities		<u>(989,220)</u>	<u>76,126,709</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS		21,298,492	34,008,502
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR		<u>29,798,833</u>	<u>-</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	7	<u><u>51,097,325</u></u>	<u><u>34,008,502</u></u>

The accompanying summary of significant accounting policies and notes to the financial statements form an integral part of these financial statements.

NOMURA i-INCOME FUND 2

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL PERIOD FROM 01 NOVEMBER 2022 TO 30 APRIL 2023 (UNAUDITED)

The following accounting policies have been used in dealing with items which are considered material in relation to the financial statements.

A BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The financial statements of Nomura i-Income Fund (“the Fund”) have been prepared under the historical cost convention, as modified by financial assets and financial liabilities (including Islamic derivative instruments) at fair value through profit or loss, in accordance with Malaysian Financial Reporting Standards (“MFRS”) and International Financial Reporting Standards (“IFRS”).

The preparation of financial statements in conformity with the MFRS and IFRS requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported financial year. It also requires the Manager to exercise their judgement in the process of applying the Fund’s accounting policies. Although these estimates and judgement are based on the Manager’s best knowledge of current events and actions, actual results may differ.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note I.

(i) Standards and amendments to existing standards effective 1 January 2022

There are no standards, amendments to standards or interpretations that are effective for annual periods beginning on 1 January 2022 that have a material effect on the financial statements of the Fund.

(ii) New standards, amendments and interpretations effective after 1 January 2022 and have not been early adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2022, and have not been early adopted in preparing these financial statements. None of these are expected to have a material effect on the financial statements of the Fund.

B PRESENTATION AND FUNCTIONAL CURRENCY

Items included in the financial statements of the Fund are measured using the currency of the primary economic environment in which the Fund operates (the “functional currency”). The financial statements are presented in Ringgit Malaysia, which is the Fund’s presentation and functional currency.

C PRESENTATION AND FUNCTIONAL CURRENCY

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in statement of comprehensive income, except when deferred in other comprehensive income as qualifying cash flow hedges.

D INCOME RECOGNITION

Profit income from unquoted sukuk and Islamic deposits with licensed financial institutions are recognised on an accrual basis using the effective profit method.

NOMURA i-INCOME FUND 2

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL PERIOD FROM 01 NOVEMBER 2022 TO 30 APRIL 2023 (UNAUDITED) (CONTINUED)

D INCOME RECOGNITION (CONTINUED)

Profit income is calculated by applying the effective profit rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets the effective profit rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

Realised gain and loss on sale of unquoted sukuk is measured by the difference between the net disposal proceeds and the carrying amounts of the Shariah-compliant investments (adjusted for accretion of discount or amortisation of premium).

Realised gain or loss on Islamic forward foreign currency contracts are measured by the net settlement amount as per the Islamic forward foreign currency contract.

E TAXATION

Current tax expense is determined according to the Malaysian tax laws at the current rate based upon the taxable income earned during the financial year.

F FINANCIAL ASSETS AND FINANCIAL LIABILITIES

(i) Classification

The Fund classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income or through profit or loss), and
- those to be measured at amortised cost.

The Fund classifies its Shariah-compliant investments based on both the Fund's business model for managing those financial assets and the contractual cash flow characteristics of the financial assets. The portfolio of financial assets is managed and performance is evaluated on a fair value basis. The Fund is primarily focused on fair value information and uses that information to assess the assets' performance and to make decisions. The contractual cash flows of the Fund's sukuk are solely principal and profit. However, these Shariah-compliant securities are neither held for the purpose of collecting contractual cash flows nor held both for collecting contractual cash flows and for sale. The collection of contractual cash flows is only incidental to achieving the Fund's business model's objective. Consequently, all investments are measured at fair value through profit or loss.

Investments in collective investment scheme have contractual cash flows that do not represent SPPI, and therefore are classified as fair value through profit or loss.

The Fund classifies amount due from Manager and cash and cash equivalents as financial assets at amortised cost as these financial assets are held to collect contractual cash flows consisting of the amount outstanding.

The Fund classifies amount due to Manager, amount due to Trustee, amount due to Shariah Adviser, and other payables and accruals as financial liabilities measured at amortised cost.

NOMURA i-INCOME FUND 2

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL PERIOD FROM 01 NOVEMBER 2022 TO 30 APRIL 2023 (UNAUDITED) (CONTINUED)

F FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

(ii) Recognition and measurement

Regular purchases and sales of financial assets are recognised on the trade date, the date on which the Fund commits to purchase or sell the asset. Investments are initially recognised at fair value. Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value.

Financial liabilities are recognised in the statement of financial position when, and only when, the Fund becomes a party to the contractual provisions of the Shariah-compliant financial instrument.

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Fund has transferred substantially all risks and rewards of ownership.

Financial liabilities are derecognised when it is extinguished, i.e. when the obligation specified in the contract is discharged or cancelled or expired.

Unrealised gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the statement of comprehensive income in the financial year in which they arise.

Investments in Islamic collective investment schemes are valued at the last published net asset value ("NAV") per unit at the date of the statement of financial position.

Unquoted sukuk denominated in Ringgit Malaysia are revalued on a daily basis based on fair value prices quoted by a bond pricing agency ("BPA") registered with the Securities Commission of Malaysia ("SC") as per the SC Guidelines on Unlisted Capital Market Products Under the Lodge and Launch Framework. Where such quotations are not available or where the Manager is of the view that the price quoted by the BPA for a specific unquoted sukuk differs from the market price by more than 20 basis points, the Manager may use the market price, provided that the Manager:

- (a) Records its basis for using a non-BPA price;
- (b) Obtains necessary internal approvals to use the non-BPA price; and
- (c) Keeps an audit trail of all decisions and basis for adopting the market price.

Financial assets at amortised cost and other financial liabilities are subsequently carried at amortised cost using the effective profit method.

NOMURA i-INCOME FUND 2

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL PERIOD FROM 01 NOVEMBER 2022 TO 30 APRIL 2023 (UNAUDITED) (CONTINUED)

F FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

(iii) Impairment

The Fund measures credit risk and expected credit losses using probability of default, exposure at default and loss given default. Management considers both historical analysis and forward looking information in determining any expected credit loss. Management considers the probability of default to be close to zero as these Shariah-compliant instruments have a low risk of default and the counterparties have a strong capacity to meet their contractual obligations in the near term. As a result, no loss allowance has been recognised based on 12 month expected credit losses as any such impairment would be wholly insignificant to the Fund.

Significant increase in credit risk

A significant increase in credit risk is defined by management as any contractual payment which is more than 30 days past due.

Definition of default and credit-impaired financial assets

Any contractual payment which is more than 90 days past due is considered credit impaired.

Write-off

The Fund writes off financial assets, in whole or in part, when it has exhausted all practical recovery efforts and has concluded there is no reasonable expectation of recovery. The assessment of no reasonable expectation of recovery is based on unavailability of debtor's sources of income or assets to generate sufficient future cash flows to repay the amount. The Fund may write-off financial assets that are still subject to enforcement activity. Subsequent recoveries of amounts previously written off will result in impairment gains. There are no write-offs/recoveries during the financial year.

G CASH AND CASH EQUIVALENTS

For the purpose of statement of cash flows, cash and cash equivalents comprise cash and bank balance and Islamic deposits with licensed financial institutions that is readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

H UNITHOLDERS' CAPITAL

The unitholders' contributions to the Fund meet the criteria of the definition of puttable instruments to be classified as equity instruments under MFRS 132 'Financial Instruments: Presentation'.

The Fund issues cancellable units, in two classes of units, known respectively as the Class S, Class I, Class R and Class H (Hedged), which are cancelled at the unitholders' option and do not have identical features subject to restrictions as stipulated in the Information Memorandum and Securities Commission's ("SC") Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework. The units are classified as financial liabilities.

Cancellable units can be put back to the Fund at any time for cash equal to a proportionate share of the Fund's NAV of respective classes. The outstanding units are carried at the redemption amount that is payable at each financial year if the unitholder exercises the right to put the unit back to the Fund.

NOMURA i-INCOME FUND 2

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL PERIOD FROM 01 NOVEMBER 2022 TO 30 APRIL 2023 (UNAUDITED) (CONTINUED)

H UNITHOLDERS' CAPITAL (CONTINUED)

Units are created and cancelled at prices based on the Fund's net asset value per unit of respective classes at the time of creation or cancellation. The Fund's net asset value per unit of respective classes is calculated by dividing the net asset attributable to unitholders with the total number of outstanding units of respective classes.

I DISTRIBUTIONS

Distributions are at the discretion of the Fund. A distribution to the Fund's unitholders is accounted for as a deduction from realised reserves. A proposed distribution is recognised as a liability in the year in which it is approved by the Trustee.

J DERIVATIVE FINANCIAL INSTRUMENTS

A derivative financial instrument is any contract that gives rise to both a financial asset of one enterprise and a financial liability or equity instrument of another enterprise.

The Fund's derivative financial instruments comprise forward foreign currency contracts. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Financial derivative positions will be "marked to market" at the close of each valuation day. Foreign exchange gains and losses on the derivative financial instrument are recognised in profit or loss when settled or at the date of the statement of financial position at which time they are included in the measurement of the derivative financial instrument. Derivative instruments that have a negative fair value are presented as liabilities as fair value through profit or loss.

The fair value of forward foreign currency contracts is determined using forward exchange rates on the date of the statement of financial position, with the resulting value discounted back to present value.

The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and the nature of the item being hedged. Derivatives that do not qualify for hedge accounting are classified as financial assets/liabilities at fair value through profit or loss.

K CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

The Fund makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, rarely equal the related actual results. To enhance the information content of the estimates, certain key variables that are anticipated to have material impact to the Funds' results and financial position are tested for sensitivity to changes in the underlying parameters.

Estimates and judgements are continually evaluated by the Manager and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

However, the Manager is of the opinion that there are no accounting policies which require significant judgement to be exercised.

Estimate of fair value of unquoted sukuk

In undertaking any of the Fund's investment, the Manager will ensure that all assets of the Fund under management will be valued appropriately, that is at fair value and in compliance with the SC Guidelines on Unlisted Capital Market Products Under the Lodge and Launch Framework.

NOMURA i-INCOME FUND 2

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL PERIOD FROM 01 NOVEMBER 2022 TO 30 APRIL 2023 (UNAUDITED) (CONTINUED)

K CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING ACCOUNTING POLICIES (CONTINUED)

Estimate of fair value of unquoted sukuk(continued)

Ringgit-denominated unquoted sukuk are valued using fair value prices quoted by a bond pricing agency (“BPA”). Where the Manager is of the view that the price quoted by BPA for a specific unquoted sukuk differs from the market price by more than 20 basis points, the Manager may use market price, provided that the Manager records its basis for using a non-BPA price, obtains necessary internal approvals to use the non-BPA price. Refer to Note E for further explanation.

NOMURA i-INCOME FUND 2

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 01 NOVEMBER 2022 TO 30 APRIL 2023 (UNAUDITED)

1 INFORMATION ON THE FUND

Nomura i-Income Fund 2 (the "Fund") was constituted pursuant to the execution of a Master Deed dated 03 May 2021 entered into between Nomura Asset Management Malaysia Sdn Bhd (the "Manager") and Deutsche Trustees Malaysia Berhad (the "Trustee").

The Fund was launched on 30 June 2021 and will continue its operations until being terminated by the Manager or the Trustee as provided under Clause 12 of the Deed.

The Fund will invest in RM-denominated Islamic fixed income instruments which are liquid and carries minimal risk of default. The Fund primarily invests in Islamic fixed income instruments including sukuk issued or guaranteed by the Malaysian government, Islamic deposits and/or placement of money at call with financial institutions.

The Fund seeks to provide investors with recurring income on its investments.

2 FINANCIAL INSTRUMENTS, RISK MANAGEMENT OBJECTIVES AND POLICIES

Financial instruments are as follows:

	Note	Financial assets at fair value through profit or loss RM	Financial assets at amortised cost RM	Total RM
<u>30.04.2023</u>				
<u>Financial assets</u>				
Cash and cash equivalents	7	-	51,097,325	51,097,325
Unquoted sukuk	6	31,644,229	-	31,644,229
Forward currency contracts		(60,248)	-	(60,248)
Total		<u>31,583,981</u>	<u>51,097,325</u>	<u>82,681,306</u>
<u>Financial liabilities</u>				
Accrued management fee		-	15,019	15,019
Amount due to Trustee		-	2,030	2,030
Amount due to Shariah Adviser		-	2,623	2,623
Auditor's remuneration		-	6,833	6,833
Tax agent's fee		-	5,548	5,548
Total		<u>-</u>	<u>32,053</u>	<u>32,053</u>

NOMURA i-INCOME FUND 2

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 01 NOVEMBER 2022 TO 30 APRIL 2023 (UNAUDITED) (CONTINUED)

2 FINANCIAL INSTRUMENTS, RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Financial instruments are as follows (continued):

	Note	Financial assets at fair value through profit or loss RM	Financial assets at amortised cost RM	Total RM
<u>30.04.2022</u>				
<u>Financial assets</u>				
Cash and cash equivalents	7	-	34,008,502	34,008,502
Unquoted sukuk	6	41,152,218	-	41,152,218
Forward currency contracts		121,728	-	121,728
Total		41,273,946	34,008,502	75,282,448
<u>Financial liabilities</u>				
Accrued management fee		-	12,778	12,778
Amount due to Trustee		-	1,846	1,846
Amount due to Shariah Adviser		-	299	299
Auditor's remuneration		-	7,378	7,378
Tax agent's fee		-	986	986
Total		-	23,287	23,287

The Fund is exposed to a variety of risks which include market risk (inclusive of price risk and interest rate risk), liquidity risk, credit/default risk, capital risk and fund management risk.

Financial risk management is carried out through internal control processes adopted by the Manager and adherence to the investment restrictions as stipulated in the Deed and SC Guidelines on Unlisted Capital Market Products Under the Lodge and Launch Framework.

Price risk

Price risk is the risk that the fair value of an investment of the Fund will fluctuate because of changes in market prices (other than those arising from interest rate risk).

The Fund's overall exposure to price risk are as follows:

	<u>30.04.2023</u>	<u>30.04.2022</u>
	RM	RM
Financial assets at fair value through profit or loss*	31,644,229	41,152,218

* Includes profit receivable of RM475,229 (30.04.2022: RM595,468).

NOMURA i-INCOME FUND 2

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 01 NOVEMBER 2022 TO 30 APRIL 2023 (UNAUDITED) (CONTINUED)

2 FINANCIAL INSTRUMENTS, RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Price risk (continued)

The table below summarises the sensitivity of the Fund's net asset value and profit after tax to movements in prices of Shariah-compliant investments. The analysis is based on the assumptions that the price of the investments fluctuates by 5% with all other variables held constant.

	Change in price of Shariah-compliant <u>investments</u> %	<u>Market value</u> RM	Impact on profit after tax/ <u>net asset value</u> RM
<u>30.04.2023</u>			
	+5	32,727,450	1,558,450
	-5	29,610,550	(1,558,450)
<u>30.04.2022</u>			
	+5	43,209,829	2,057,611
	-5	39,094,607	(2,057,611)

Interest rate risk

In general, when interest rates rise, valuation for unquoted sukuk will tend to fall and vice versa. Therefore, the net asset value of the Fund may also tend to fall when interest rates rise or are expected to rise when interest rates fall. However, investors should be aware that should the Fund hold an unquoted sukuk till maturity, such fluctuations would dissipate as it approaches maturity, and thus the growth of the net asset value shall not be affected at maturity. In order to mitigate interest rates exposure of the Fund, the Manager will manage the duration of the portfolio via shorter or longer tenured assets depending on the view of the future interest rate trend of the Manager, which is based on its continuous fundamental research and analysis.

This risk is crucial since sukuk portfolio management depends on forecasting interest rate movements. Sukuk with longer maturity and lower profit rates are more susceptible to interest rate movements.

Investors should note that sukuk is subject to interest rate fluctuations. Such investments may be subject to unanticipated rise in interest rates which may impair the ability of the issuers to make payments of interest and principal, especially if the issuers are highly leveraged. An increase in interest rates may therefore increase the potential for default by an issuer.

The above interest rate is a general economic indicator that will have an impact on the management of the Fund regardless whether it is an Islamic fund or otherwise. It does not in any way suggest that the Fund will invest in conventional financial instruments. All the investments carried out for the Fund are in accordance with Shariah requirements.

The table below summarises the sensitivity of the Fund's net asset value and profit after tax to movements in prices of sukuk held by the Fund as a result of movement in interest rates. The analysis is based on the assumptions that the interest rates increased and decreased by 1% with all other variables held constant.

NOMURA i-INCOME FUND 2

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 01 NOVEMBER 2022 TO 30 APRIL 2023 (UNAUDITED) (CONTINUED)

2 FINANCIAL INSTRUMENTS, RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Interest rate risk (continued)

Impact on profit after tax/net asset value:

	<u>30.04.2023</u>	<u>30.04.2022</u>
	RM	RM
<u>% Change in interest rate</u>		
+ 1%	(60,187)	(91,502)
- 1%	60,326	91,746
	<u> </u>	<u> </u>

The Fund's Islamic deposits with licensed financial institutions are short term in nature. Therefore, exposure to interest rate fluctuations is minimal.

Liquidity risk

The Fund maintains sufficient level of Islamic liquid assets, after consultation with the Trustee, to meet anticipated payments and cancellation of units by unitholders. Islamic liquid assets comprise cash, Islamic deposits with licensed financial institutions, and unquoted sukuk which are capable of being converted into cash within 7 days. The Fund aims to reduce its liquidity risk by maintaining a prudent level of Islamic liquid assets.

The table below summarises the Fund's financial liabilities into relevant maturity groupings based on the remaining year as at the statement of financial position date to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows.

	<u>Less than</u>	<u>Between</u>	<u>Total</u>
	<u>1 month</u>	<u>1 month</u>	<u>to 1 year</u>
	RM	RM	RM
<u>30.04.2023</u>			
Forward foreign currency contract	-	60,248	60,248
Accrued management fee	15,019	-	15,019
Amount due to Trustee	2,030	-	2,030
Amount due to Shariah Adviser	-	2,623	2,623
Auditors' remuneration	-	6,833	6,833
Tax agent's fee	-	5,548	5,548
	<u> </u>	<u> </u>	<u> </u>
Contractual cash out flows	17,049	75,252	92,301
	<u> </u>	<u> </u>	<u> </u>
<u>30.04.2022</u>			
Accrued management fee	12,778	-	12,778
Amount due to Trustee	1,846	-	1,846
Amount due to Shariah Adviser	-	299	299
Auditors' remuneration	-	7,378	7,378
Tax agent's fee	-	986	986
	<u> </u>	<u> </u>	<u> </u>
Contractual cash out flows	14,624	8,663	23,287
	<u> </u>	<u> </u>	<u> </u>

NOMURA i-INCOME FUND 2

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 01 NOVEMBER 2022 TO 30 APRIL 2023 (UNAUDITED) (CONTINUED)

2 FINANCIAL INSTRUMENTS, RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Credit/default risk

Credit risk refers to the ability of an issuer or a counterparty to make timely payments of profit or principals payment on the maturity date. This may lead to a default in the payment of principal and profit and ultimately a reduction in the value of the Fund. In the case of the Fund, the Manager will endeavor to minimise the risk by selecting only issues with prescribed and acceptable credit ratings.

Credit risk arising from placements of Islamic deposits with licensed financial institutions is managed by ensuring that the Fund will only place Islamic deposits in reputable licensed financial institutions.

The settlement terms of the proceeds from the creation of units' receivable from the Manager are governed by the SC's Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework.

For unquoted sukuk, the Manager regularly reviews the rating assigned by the issuer so that necessary steps can be taken if the rating falls below those described by the Deed and SC's Guidelines on Unlisted Capital Market Products Under the Lodge and Launch Framework.

The following table sets out the credit risk concentration of the Fund:

	Financial assets at fair value through profit or loss <u>RM</u>	Cash and cash equivalents <u>RM</u>	<u>Total</u> RM
<u>30.04.2023</u>			
Financial services			
- AAA	-	30,027,124	30,027,124
- AA1	-	500,216	500,216
- AA3	-	10,293,601	10,293,601
- AA+	-	10,276,384	10,276,384
Public finance			
- Not Rated	31,644,229	-	31,644,229
	<u>31,644,229</u>	<u>51,097,325</u>	<u>82,741,554</u>
<u>30.04.2022</u>			
Financial services			
- AAA	-	6,001,216	6,001,216
- AA1	-	150,501	150,501
- AA2	-	10,123,839	10,123,839
- AA3	-	9,056,918	9,056,918
- AA+	-	8,676,028	8,676,028
Public finance			
- Not Rated	41,152,218	-	41,152,218
	<u>41,152,218</u>	<u>34,008,502</u>	<u>75,160,720</u>

NOMURA i-INCOME FUND 2

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 01 NOVEMBER 2022 TO 30 APRIL 2023 (UNAUDITED) (CONTINUED)

2 FINANCIAL INSTRUMENTS, RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Capital risk

The capital of the Fund is represented by equity consisting of unitholders' capital and retained earnings. The amount of equity can change significantly on a daily basis as the Fund is subject to daily subscriptions and redemptions at the discretion of unitholders. The Fund's objective when managing capital is to safeguard the Fund's ability to continue as a going concern in order to provide returns for unitholders and benefits for other stakeholders and to maintain a strong capital base to support the development of the Shariah-compliant investment activities of the Fund.

Fund management risk

There is the risk that the management company may not adhere to the investment mandate of the respective Fund. With close monitoring by the investment committee, back office system being incorporated with limits and controls, and regular reporting to the senior management team, the management company is able to manage such risk. The Trustee has an oversight function over management of the Fund by the management company to safeguard the interests of unitholders.

Fair value estimation

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (i.e. an exit price).

The fair value of financial assets and liabilities traded in an active market (such as publicly traded Islamic derivatives and Shariah-compliant securities) are based on quoted market prices at the close of trading on the year end date.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

The fair value of financial assets and liabilities that are not traded in an active market is determined by using valuation techniques. The Fund uses a variety of methods and makes assumptions that are based on market conditions existing at each year end date. Valuation techniques used for non-standardised Shariah-compliant financial instruments such as Islamic options, Islamic currency swaps and other over-the-counter Islamic derivatives, include the use of comparable recent arm's length transactions, reference to other Shariah-compliant instruments that are substantially the same, discounted cash flow analysis, option pricing models and other valuation techniques commonly used by market participants making the maximum use of market inputs and relying as little as possible on entity-specific inputs.

For instruments for which there is no active market, the Fund may use internally developed models, which are usually based on valuation methods and techniques generally recognised as standard within the industry. Valuation models are used primarily to value unlisted sukuk, for which market were or have been inactive during the financial year. Some of the inputs to these models may not be market observable and are therefore estimated based on assumptions.

NOMURA i-INCOME FUND 2

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 01 NOVEMBER 2022 TO 30 APRIL 2023 (UNAUDITED) (CONTINUED)

2 FINANCIAL INSTRUMENTS, RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Fair value estimation (continued)

The output of a model is always an estimate or approximation of a value that cannot be determined with certainty, and valuation techniques employed may not fully reflect all factors relevant to the positions the Fund holds.

The fair values are based on the following methodology and assumptions:

- (i) The carrying value is a reasonable estimate of fair value for cash and cash equivalent.
- (ii) Ringgit-denominated unquoted sukuk are valued using fair value prices quoted by a bond pricing agency ("BPA"). Where the Manager is of the view that the price quoted by BPA for a specific unquoted sukuk differs from the market price by more than 20 basis points, the Manager may use market price, provided that the Manager records its basis for using a non-BPA price, and obtains necessary internal approvals to use the non-BPA price.

Valuations are therefore adjusted, where appropriate, to allow for additional factors including model risk, liquidity risk and counterparty risk.

Fair value hierarchy

The table below analyses financial instruments carried at fair value by valuation method. The different levels have been defined as follows:

- Level 1: Quoted prices (unadjusted) in active market for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3: Inputs for the asset and liability that are not based on observable market data (that is, unobservable inputs).

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a Level 3 measurement.

Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the asset or liability.

The determination of what constitutes 'observable' requires significant judgement by the Fund. The Fund considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

NOMURA i-INCOME FUND 2

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 01 NOVEMBER 2022 TO 30 APRIL 2023 (UNAUDITED) (CONTINUED)

2 FINANCIAL INSTRUMENTS, RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Fair value hierarchy (continued)

The following table analyses within the fair value hierarchy the Fund's financial assets (by class) measured at fair value:

	<u>Level 1</u> RM	<u>Level 2</u> RM	<u>Level 3</u> RM	<u>Total</u> RM
<u>As at 30 April 2023</u>				
Financial assets at fair value through profit or loss:				
- Unquoted sukuk	-	31,644,229	-	31,644,229
- Forward currency contracts	-	(60,248)	-	(60,248)
	<u>-</u>	<u>31,583,981</u>	<u>-</u>	<u>31,583,981</u>
<u>As at 30 April 2022</u>				
Financial assets at fair value through profit or loss:				
- Unquoted sukuk	-	41,152,218	-	41,152,218
- Forward currency contracts	-	121,728	-	121,728
	<u>-</u>	<u>41,273,946</u>	<u>-</u>	<u>41,273,946</u>

Investments whose values are based on quoted market prices in active markets, and are therefore classified within Level 1, including collective investment schemes. The Fund does not adjust the quoted prices for these instruments.

Financial instruments that trade in markets that are considered to be active but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified within Level 2. Level 2 instruments include unquoted sukuk.

As Level 2 instruments include positions that are not traded in active markets and/or are subject to transfer restrictions, valuations may be adjusted to reflect illiquidity and/or non-transferability, which are generally based on available market information. The Fund's policies on valuation of these financial assets are stated in Note E.

The carrying value of amount due from Manager, cash and cash equivalent and all current liabilities are reasonable approximation of the fair value due to their short-term nature.

NOMURA i-INCOME FUND 2

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 01 NOVEMBER 2022 TO 30 APRIL 2023 (UNAUDITED) (CONTINUED)

3 MANAGEMENT FEE

In accordance with the Deed, the Manager is entitled to a management fee at a rate not exceeding 5.00 % per annum of the Net Asset Value (NAV) of the Fund calculated and accrued on a daily basis.

For the financial period from 01 November 2022 to 30 April 2023, the management fee is recognised at a rate of 0.15% (30.04.2022:0.15%) per annum of the NAV of Class S, at the rate of 0.25 % (30.04.2022:0.25%) per annum of the NAV of Class I and at the rate of 0.40 % (30.04.2022:0.40%) per annum of the NAV of Class R and Class H (Hedged) respectively, calculated on a daily basis for the financial year.

There will be no further liability to the Manager in respect of the management fee other than the amounts recognised above.

4 TRUSTEE FEE

In accordance with the Deed, the Trustee is entitled to an annual fee at a rate not exceeding 0.10% per annum of the Net Asset Value (NAV) of the Fund (excluding foreign custody fees and charges), subject to a minimum fee of RM12,000 per annum.

For the financial period from 01 November 2022 to 30 April 2023, the trustee fee is recognised at a rate of 0.03% (30.04.2022:0.03%) per annum on the NAV of the Fund, calculated on a daily basis for the financial period (excluding foreign custody fees and charges), subject to a minimum fee of RM12,000 per annum.

There will be no further liability to the Trustee in respect of the trustee fee other than the amounts recognised above.

5 TAXATION

	Financial Period from 1.11.2022 to <u>30.4.2023</u> RM	Financial Period from 30.06.2021 (date of Launch) to <u>30.4.2022</u> RM
Current taxation - local	-	-

The numerical reconciliation between income before taxation multiplied by the Malaysian statutory tax rate and tax expense of the Fund is as follows:

NOMURA i-INCOME FUND 2

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 01 NOVEMBER 2022 TO 30 APRIL 2023 (UNAUDITED) (CONTINUED)

5 TAXATION (CONTINUED)

	Financial Period from 1.11.2022 to 30.4.2023	Financial Period from 30.06.2021 (date of Launch) to 30.4.2022
		RM
Income/(loss) before taxation	2,769,604	(867,548)
Tax at applicable rate of 24% (30.04.2022: 24%)	664,705	(208,212)
Tax effect of:		
Investment income exempt from tax	(876,340)	(298,228)
Profit not deductible for tax purposes	181,266	477,694
Expenses not deductible for tax purposes	7,261	5,153
Restriction on tax deductible expenses for unit trust Funds	23,108	23,593
Taxation	-	-

6 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at 30.04.2023 RM	As at 30.04.2022 RM
Financial assets at FVTPL:		
- Unquoted sukuk	31,644,229	41,152,218
- Forward currency contracts	(60,248)	121,728
	31,583,981	41,273,946
Net gain on financial assets at FVTPL comprised:		
- Net realised loss on sale of financial assets at FVTPL	(191,392)	(47,474)
- Net unrealised gain on changes in fair values	1,883,083	(1,942,916)
	1,691,691	(1,990,390)

NOMURA i-INCOME FUND 2

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 01 NOVEMBER 2022 TO 30 APRIL 2023 (UNAUDITED) (CONTINUED)

6 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (CONTINUED)

Unquoted Sukuk

<u>Nominal value</u> RM	<u>Name of Counter</u>	<u>Rating</u>	<u>Cost</u> RM	Fair value as at <u>30.04.2023</u> RM	Percentage of net assets value <u>30.04.2023</u> %
10,000,000	Government of Malaysia	Not Rated	10,327,473	10,380,955	12.56
20,000,000	Government of Malaysia	Not Rated	21,348,641	21,263,274	25.73
TOTAL UNQUOTED SUKUK			<u>31,676,114</u>	<u>31,644,229</u>	<u>38.29</u>
UNREALISED LOSS ON CHANGES IN FAIR VALUE			<u>(31,885)</u>		
TOTAL FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS			<u>31,644,229</u>		

Forward Currency Contract

<u>Nominal value</u> RM	<u>Name of Counter</u>	<u>Rating</u>	<u>Cost</u> RM	Fair value as at <u>30.04.2023</u> RM	Percentage of net assets value <u>30.04.2023</u> %
-	CIMB Islamic Bank Berhad	AAA	-	(60,248)	(0.07)
TOTAL FORWARD CURRENCY CONTRACT			<u>(60,248)</u>	<u>(60,248)</u>	<u>(0.07)</u>
UNREALISED LOSS ON CHANGES IN FAIR VALUE			<u>(60,248)</u>		
TOTAL FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS			<u>(60,248)</u>		

NOMURA i-INCOME FUND 2

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD FROM 01 NOVEMBER 2022 TO 30 APRIL 2023
(UNAUDITED) (CONTINUED)

6 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (CONTINUED)

Unquoted Sukuk(continued)

<u>Nominal value</u> RM	<u>Name of Counter</u>	<u>Rating</u>	<u>Cost</u> RM	<u>Fair value as at 30.04.2022</u> RM	<u>Percentage of net assets value 30.04.2022</u> %
16,000,000	Government of Malaysia	Not Rated	15,965,652	15,566,375	20.68
25,000,000	Government of Malaysia	Not Rated	27,129,482	25,585,843	34.00
TOTAL UNQUOTED SUKUK			<u>43,095,134</u>	<u>41,152,218</u>	<u>54.68</u>
UNREALISED LOSS ON CHANGES IN FAIR VALUE			<u>(1,942,916)</u>		
TOTAL FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS			<u>41,152,218</u>		

Forward Currency Contract

<u>Nominal value</u> RM	<u>Name of Counter</u>	<u>Rating</u>	<u>Cost</u> RM	<u>Fair value as at 30.04.2022</u> RM	<u>Percentage of net assets value 30.04.2022</u> %
-	CIMB Islamic Bank Berhad	AAA	-	121,728	0.16
TOTAL FORWARD CURRENCY CONTRACT			<u>121,728</u>	<u>121,728</u>	<u>0.16</u>
UNREALISED GAIN ON CHANGES IN FAIR VALUE			<u>121,728</u>		
TOTAL FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS			<u>121,728</u>		

NOMURA i-INCOME FUND 2

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 01 NOVEMBER 2022 TO 30 APRIL 2023 (UNAUDITED) (CONTINUED)

7 CASH AND CASH EQUIVALENTS

	<u>30.04.2023</u> RM	<u>30.04.2022</u> RM
Islamic deposits with licensed financial institutions	50,597,109	33,858,001
Bank balances in a licensed bank	500,216	150,501
	<u>51,097,325</u>	<u>34,008,502</u>

Weighted average effective profit rates per annum is as follows:

	<u>30.04.2023</u> %	<u>30.04.2022</u> %
Islamic deposits with licensed financial institutions	<u>3.47</u>	<u>1.89</u>

Islamic deposits with licensed financial institutions have an average maturity of 85 days (30.04.2022:33 days).

8 FORWARD FOREIGN CURRENCY CONTRACTS

The Islamic forward foreign currency contracts are transacted with CIMB Islamic Bank Berhad. The Islamic foreign currency forward agreement entered into is for hedging against the currency exposure arising from the subscriptions denominated in USD.

As the Fund has not adopted hedge accounting, the change in the fair value of the Islamic foreign currency forward contracts is recognised immediately in the statement of income and expenses.

9 NUMBER OF UNITS IN CIRCULATION

	As at <u>30.04.2023</u> No. of units	As at <u>30.04.2022</u> No. of units
<u>Class S</u>		
At beginning of the financial period	40,193,943	-
Creation of units during the financial period:		
Arising from creation	-	40,193,926
Arising from distributions	17	3
	<u>40,193,960</u>	<u>40,193,929</u>
At end of the financial period	<u>40,193,960</u>	<u>40,193,929</u>

NOMURA i-INCOME FUND 2

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 01 NOVEMBER 2022 TO 30 APRIL 2023 (UNAUDITED) (CONTINUED)

9 NUMBER OF UNITS IN CIRCULATION(CONTINUED)

	As at <u>30.04.2023</u> No. of units	As at <u>30.04.2022</u> No. of units
<u>Class I</u>		
At beginning of the financial period	30,496,526	-
Creation of units during the financial period:		
Arising from creation	-	29,983,011
Arising from distributions	529,637	81,424
	<hr/>	<hr/>
At end of the financial period	<u>31,026,163</u>	<u>30,064,435</u>
<u>Class R</u>		
At beginning of the financial period	5,831,775	-
Creation of units during the financial period:		
Arising from creations	22,742,145	2,017,277
Arising from distributions	102,733	5,281
Cancellation of units	(22,559,737)	-
	<hr/>	<hr/>
At end of the financial period	<u>6,116,916</u>	<u>2,022,558</u>
<u>Class H (Hedged)</u>		
At beginning of the financial period	1,249,243	-
Creation of units during the financial period:		
Arising from creations	13,074	977,512
Arising from distributions	4,202	1
Cancellation of units	(112,988)	-
	<hr/>	<hr/>
At end of the financial period	<u>1,153,531</u>	<u>977,513</u>

10 DISTRIBUTIONS

	As a <u>30.04.2023</u> RM	As at <u>30.04.2022</u> RM
Distributions to unitholders are from the following sources:		
Profit income from unquoted sukuk at FVTPL	1,214,028	312,658
Net realised gain on foreign exchange	236,764	1,896
	<hr/>	<hr/>
Less: Expenses	1,450,792 (126,540)	314,554 (119,773)
	<hr/>	<hr/>
	<u>1,324,252</u>	<u>194,781</u>

NOMURA i-INCOME FUND 2

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 01 NOVEMBER 2022 TO 30 APRIL 2023 (UNAUDITED) (CONTINUED)

10 DISTRIBUTIONS (CONTINUED)

During the financial year, distributions per unit were made as follows:

	<u>Gross/net distribution</u>	
	<u>2023</u>	<u>2022</u>
<u>Class S,I and R</u>	RM/unit	RM/unit
December 2021	-	0.00100
April 2022	-	0.00170
November 2022	0.00680	-
March 2023	0.01020	-
<u>Class H (Hedged)</u>	USD/unit	USD/unit
December 2021	-	0.00024
April 2022	-	0.00040
November 2022	0.00140	-
March 2023	0.00220	-

Gross distribution is derived using total income less total expenses.

Gross distribution per unit is derived from gross realised income less expenses divided by the number of units in circulation, while net distribution for unit is derived from gross realised income less expenses and taxation divided by the number of units in circulation.

The above distributions have been proposed before taking into account the unrealised gain of RM1,319,202 (unrealized loss: 2022: RM1,821,188) which is carried forward to the next financial period.

11 TRANSACTIONS WITH FINANCIAL INSTITUTIONS

Details of transactions with the top 10 financial institutions are as follows:

	<u>Value of trade</u>	<u>Percentage</u>
	RM	of total trade
		%
<u>30.04.2023</u>		
CIMB Islamic Bank Berhad	161,494,200	27.95
AmBank Islamic Berhad	155,284,000	26.88
Maybank Islamic Berhad	81,612,000	14.13
RHB Islamic Bank Berhad	55,050,000	9.53
Citibank (M) Bhd	45,840,500	7.93
Bank Islam Malaysia Berhad	25,116,000	4.35
Kuwait Finance House (Malaysia) Berhad	10,263,000	1.78
AmBank (M) Berhad	10,037,600	1.74
Public Islamic Bank Berhad	9,919,000	1.72
Hong Leong Islamic Bank Berhad	8,000,000	1.38
Others	15,109,000	2.61
	<u>577,725,300</u>	<u>100.00</u>

NOMURA i-INCOME FUND 2

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 01 NOVEMBER 2022 TO 30 APRIL 2023 (UNAUDITED) (CONTINUED)

11 TRANSACTIONS WITH FINANCIAL INSTITUTIONS(CONTINUED)

Details of transactions with the top 10 financial institutions are as follows(continued):

30.04.2022

RHB Islamic Bank Berhad	213,545,000	43.95
CIMB Islamic Bank Berhad	141,479,000	29.12
Citibank (M) Berhad	57,237,000	11.78
AmBank Islamic Berhad	39,082,000	8.04
Hong Leong Islamic Bank Berhad	18,004,000	3.71
Kuwait Finance House (Malaysia) Berhad	8,579,000	1.77
AmBank (M) Berhad	5,910,000	1.22
Maybank Islamic Berhad	2,000,000	0.41
	485,836,000	100.00

All financial institutions above are not related to the Manager.

The above transactions were in respect of fixed income transactions. Transactions in these investments do not involve any commission or brokerage.

12 TOTAL EXPENSE RATIO (“TER”)

	<u>2023</u> %	<u>2022</u> %
TER	0.15	0.23

TER is derived from the following calculation:

$$\text{TER} = \frac{(A + B + C + D + E + F)}{G} \times 100$$

A	=	Management fee
B	=	Trustee’s fee
C	=	Shariah Adviser’s fee
D	=	Audit fee
E	=	Tax agent’s fee
F	=	Other expenses
G	=	Average net asset value of Fund calculated on daily basis

The average net asset value of the Fund for the financial year calculated on daily basis is RM86,858,050(30.04.2023: RM53,011,248).

NOMURA i-INCOME FUND 2

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 01 NOVEMBER 2022 TO 30 APRIL 2023 (UNAUDITED) (CONTINUED)

13 PORTFOLIO TURNOVER RATIO ("PTR")

	<u>2023</u>	<u>2022</u>
PTR (times)	<u>1.24</u>	<u>0.60</u>

PTR is derived from the following calculation:

$(\text{Total acquisition for the financial year} + \text{total disposal for the financial year}) \div 2$

Average net asset value of the Fund for the financial year calculated on daily basis

Where: total acquisition for the financial year = RM97,232,198 (30.04.2022: 53,517,162)
total disposal for the financial year = RM118,389,972 (30.04.2022: 10,367,647)

14 UNITS HELD BY THE MANAGER AND PARTIES RELATED TO THE MANAGER

The related party of and its relationship with the Fund are as follows:

<u>Related party</u>	<u>Relationship</u>
Nomura Asset Management Malaysia Sdn Bhd	The Manager
Deutsche Trustees Malaysia Berhad for Nomura Global Shariah Strategic Growth Fund	Fund Managed by the Manager
The Nomura Trust and Banking Co., Ltd. Senior Management of the Manager	Associate Company Director of the Manager

	<u>30.4.2023</u>		<u>30.4.2022</u>	
	No. of units	RM	No. of units	RM
Nomura Asset Management Malaysia Sdn Bhd				
- CLASS S	1,035	1,036	1,003	985
- CLASS I	1,035	1,034	1,003	984
- CLASS R	1,035	1,031	1,003	983
- CLASS H (Hedged)	1,007	4,656	1,001	4,310
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Deutsche Trustees Malaysia Berhad for . Nomura Global Shariah Strategic Growth Fund				
- CLASS R	3,854,613	3,839,965	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
The Nomura Trust and Banking Co., Ltd.				
- CLASS H (Hedged)	1,003,084	4,637,558	996,512	4,290,981
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

NOMURA i-INCOME FUND 2

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 01 NOVEMBER 2022 TO 30 APRIL 2023 (UNAUDITED) (CONTINUED)

14 UNITS HELD BY THE MANAGER AND PARTIES RELATED TO THE MANAGER(CONTINUED)

In the opinion of the Manager, the above units were transacted at the prevailing market price. Save and except for units held by the Manager, the above units are held legally and beneficially by the related party(ies). The units held by the Manager are held legally for booking purposes.

In addition to the related party disclosure mentioned elsewhere in the financial statements, there were no other significant related party transactions and balances.

Other than the above, there were no units held by parties related to the Manager.

15 APPROVAL OF FINANCIAL STATEMENTS

The financial statements have been approved for issue by the Manager on 28 June 2023.

16 SHARIAH INFORMATION OF THE FUND

The Shariah Adviser has confirmed that the investment portfolio of the Fund is Shariah-compliant, which comprises:

- i) cash placement and liquid assets that are placed in investments and/or instruments in the local market that have been classified as Shariah-compliant by the Shariah Advisory Council ("SAC") of Bank Negara Malaysia; and
- ii) investments of Government Investment Issues and any other Islamic fixed income instruments which have been classified as Shariah-compliant by the SAC of the Securities Commission Malaysia or Bank Negara Malaysia.

NOMURA i-INCOME FUND 2**STATEMENT BY THE MANAGER**

We, Leslie Yap Kim Loong and Atsushi Ichii, being two of the Directors of Nomura Asset Management Malaysia Sdn Bhd (the "Manager"), do hereby state that, in the opinion of the Manager, the accompanying financial statements set out on pages 1 to 29 are drawn up in accordance with the provisions of the Deed and give a true and fair view of the financial position of the Fund as at 30 April 2023 and of its financial performance, changes in net asset value and cash flows for the financial period from 01 November 2022 to 30 April 2023 in accordance with the Malaysian Financial Reporting Standards and International Financial Reporting Standards.

For and on behalf of the Manager,
NOMURA ASSET MANAGEMENT MALAYSIA SDN BHD



LESLIE YAP KIM LOONG
Managing Director



ATSUSHI ICHII
Director

Kuala Lumpur

28 JUN 2023



Deutsche Trustees Malaysia Berhad
Registration No: 200701005591 (763590-H)

Level 20, Menara IMC
8 Jalan Sultan Ismail
50250 Kuala Lumpur

Tel +603 2053 7522
Fax +603 2053 7526

TRUSTEE'S REPORT

TO THE UNIT HOLDERS OF NOMURA i-INCOME FUND 2 ("Fund")

We have acted as Trustee of the Fund for the financial period ended 30 April 2023 and we hereby confirm to the best of our knowledge, after having made all reasonable enquiries, Nomura Asset Management Malaysia Sdn Bhd has operated and managed the Fund during the period covered by these financial statements in accordance with the following:-

1. Limitations imposed on the investment powers of the management company under the deed, securities laws and the Guidelines on Unit Trust Funds;
2. Valuation and pricing is carried out in accordance with the deed; and
3. Any creation and cancellation of units are carried out in accordance with the deed and any regulatory requirement.

We are of the opinion that the distribution of income by the Fund is appropriate and reflects the investment objective of the Fund.

For Deutsche Trustees Malaysia Berhad

A handwritten signature in black ink, appearing to read 'Soon Lai Ching'.

Soon Lai Ching
Senior Manager, Trustee Operations

A handwritten signature in black ink, appearing to read 'Jiva Munusamy'.

Jiva Munusamy
Head, Client Management

Kuala Lumpur
28 June 2023

SHARIAH ADVISER'S REPORT

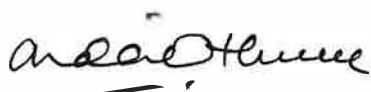
TO THE UNIT HOLDERS OF
NOMURA i-INCOME FUND 2

We hereby confirm:

To the best of our knowledge, after having made all reasonable enquiries, Nomura Asset Management Malaysia Sdn Bhd has operated and managed the Fund during the financial period covered by these financial statements in accordance with the Shariah principles and requirements and complied with the applicable guidelines, rulings or decisions issued by the Securities Commission Malaysia or Bank Negara Malaysia pertaining to Shariah matters; and

The assets of the Fund comprise instruments that have been classified as Shariah-compliant by the Shariah Advisory Council ("SAC") of the Securities Commission Malaysia or Bank Negara Malaysia. As for the instruments which are not classified as Shariah-compliant by the SAC of the Securities Commission Malaysia or Bank Negara Malaysia, we have reviewed the said instruments and confirmed that these instruments are Shariah-compliant.

For ZICO Shariah Advisory Services Sdn Bhd

A handwritten signature in black ink, appearing to read "Aida Othman", with a horizontal line underneath.

DR. AIDA OTHMAN
Designated Person Responsible for Shariah Matters Relating to the Fund

Kuala Lumpur

28 JUN 2023